

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – NOVEMBER 16, 2005

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Peter Engel, Director of Store Operations; Eddie Edwards, Chief of Enforcement; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Doreen Wittenberg, Business Supervisor, Administrative Services.
Guests: Al Picconi, Southern Wine & Spirits of N.E., Inc.

EXCUSED: Commissioner Patricia Russell; George Tsiopras, Chief Financial Officer.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Store Reports:

Total sales for the week ending November 13, 2005 were up 9.9% or \$732,247 for the weekly comparison, and were also up year-to-date by 4.68% or \$7,160,000.

B. Budget/Administrative Reports:

Craig will attend today's Governor and Council meeting. The Commission has four snow plowing contracts on the agenda.

George Tsiopras is at an ERP meeting this morning representing the Commission.

Craig met yesterday with an ACR representative from Florida to discuss software which would allow retailers to set up "touch stations" whereby customers can access different functions. Howard said this program would be tied to the point of sale system. There would probably be some time involved for installation, but no up front cost. However, there would be a cost for having some handle the program. Craig asked that ACR prepare a presentation for review by the Marketing department and the Commission.

A contract is being prepared regarding the RFP proposal for store uniforms.

The Commission will receive copies of the draft annual report tomorrow or Friday for their review and approval. Commissioner Byrne requested that this be submitted to Commissioner Russell electronically to allow her to access it for review.

There are no big changes in the W-6 Expense Budget Activity Variance Report this week, and no major changes in accounts.

2. IT Report

The POS changes everyone has asked for have been discussed with ACR this past week. When the new software version is installed next spring, all the changes will be there. The amount of time and money involved is the key issue with the contract limitations.

There have been communications problems with the ICE server at the data center. This has caused disruption of files transfers with Law. These issues may be due to a Verizon situation or network changes being done by OIT, or a combination of both.

Communications with the disaster recovery site have yet to be established. This may necessitate hiring a firm which specializes in the Motorola hardware to assist in resolving these problems.

In response to inquiry from Commissioner Byrne regarding a back-up generator, Howard said the central office could be maintained if a power failure occurred. Only the two Hampton stores have back-up generators. Commissioner Byrne asked Peter Engel to look into the costs of having generators installed in all Cluster 1 and 2 stores. Howard commented that roll-up generators can also be rented.

Michael Goclowski reported that the UPS project needed one more review session as the program gets closer to activation. Another meeting will be arranged by Craig Bulkley.

3. Human Resources Report: No report given.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 11/13/05 increased by 6.78% or \$381,372.77.

A meeting was held with the Executive Director of Sweepstakes and the key accounts person regarding moving forward with installation of lottery ticket dispensers in all store locations at each register. There are currently 12 stores involved in the pilot project, and there has been an average increase in sales of around 20%. There was no objection from the Commission to having the dispensers installed in the remaining stores before the holidays. Chairman Maiola asked Peter to set up a follow-up meeting in January.

2. Purchasing Report

There is currently about 26% less product in the Concord Warehouse than there was last year.

John Bunnell inquired as to the status of replacing the existing warehouse racking as was recommended to the Commission in July. Chairman Maiola stated that he had recently discussed the issue with Governor Lynch. John reminded the Commission of the safety concerns that were addressed in the recommendation.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Cold River Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Maine Distillers for a new test market listing for Cold River Vodka, 750ML size (assigned new Code #3174), to be carried in Cluster 1, 2 and 3 stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

b. Test Market Request (Ivanabitch Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Perfecta Wine Company/International Spirits for a new test market listing for Ivanabitch Vodka, 750ML size (assigned new Code #3175), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

c. Test Market Results:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission grant specialty status to Code #3940, Gran Centenario Reposado Tequila, 750ML size, as this product achieved the gross profit required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Swap Request (Pinnacle Raspberry & Kiwi/Strawberry):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/White Rock Distillers to swap Code #3579, Pinnacle Raspberry Vodka, 750ML size for the 1.75L size (assigned new Code #3582) and Pinnacle Kiwi/Strawberry, 750ML size for the 1.75L size (assigned new Code #3506), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) January Special Offers:

a. 1 item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Horizon Beverage Company, based upon depletions for one (1) additional spirit item, to be featured on sale during January 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – Southern Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Southern Wine & Spirits of N.E., Inc., based upon depletions for one (1) additional spirit item, to be featured on sale during January 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 1 unmatched item – Southern Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Southern Wine & Spirits of N.E., Inc., based upon depletions, without matching state funds, for one (1) additional spirit item, to be featured on sale during January 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Tabled Items:

- a. Test Market Request (Arrow Sour Apple Schnapps 11/9/05, Item A-1-a):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be removed from that table, and that the Commission deny a request from Southern Wine & Spirits of N.E., Inc./David Sherman Corporation for a test market listing for Arrow Sour Apple Schnapps, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for January 2006:

- a. 2 items – F & F Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from F & F Imports, LLC, based upon depletions for two (2) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 9 items – Charles Zoulas:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Perfecta Wine Company, based upon depletions/special purchase allowances for nine (9) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 23 items – Pine State Trading Co.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Pine State Trading Company, based upon depletions for twenty-three (23) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 25 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase allowances for twenty-five (25) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Torres Spanish Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an offer from Martignetti Companies of N.H. to introduce three (3) Torres Spanish wines by placing three absolutes in Cluster 1 stores and Store #60, West Lebanon, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Purchase & Introduction of Henry Varnay Blanc de Blanc:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny an offer from F & F Wine Imports for the purchase & introduction of Code #42961, Henry Varnay Blanc de Blanc during November and December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (4 exclusive agent; 25 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of four (4) wine codes which are offered by the exclusive marketing agent and twenty-five (25) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Tabled Items:

- a. Appeal on Delist of Lancers Rose (10/19/05, Item B-6): Item remained on the table.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all requests for bailment releases/transfers dated November 10 through November 16, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. 2005 Holiday Extended Hour Recommendations:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve extended store hours for the 2005 holiday season, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Store Hours of Operation and Staffing Recommendation – New Year's Day, Monday, January 1, 2006:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve store hours of operation and staffing recommendations for twenty-two (22) stores on New Year's Day, Sunday, January 1, 2006, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

/D. Hartford

